

Economics 165  
Winter 2022  
TTh 5:00-6:20 pm  
CSB 002

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Office: Economics 220  
Hours: by appointment

## ECONOMICS OF THE MIDDLE EAST

### Syllabus

We will discuss socioeconomic development in the Arab world in comparison to other countries in the less and more developed worlds, with secondary attention to Iran and Turkey.

**Lectures:** You are responsible for all the material and announcements in the lectures. Lecture slides for each section of the course outline will be posted on Canvas. All lectures will be podcast.

#### **Timeline and grading:**

Weekly: Reflection notes ..... 20% of grade  
January 18: Computation of HDI and population-weighted average ..... 10% of grade  
February 10: Approval of outline of brief paper/statistical exercise ..... 10% of grade  
March 3: Final version of brief paper/statistical exercise ..... 30% of grade  
March 17: Final exam (covers sections II-IX) ..... 30% of grade

The final exam will be open notes. Any printed matter is acceptable—for example, you can print out the lecture slides. No makeup exams will be given.

**Discussion sections:** I will personally conduct a weekly discussion section via Zoom that is required for all students (the session will be recorded for those who cannot make it). The section will answer questions based on your reflections that you will submit after every week's lectures (see below). Discussion sections will be held every Monday from 5:00 – 6:00pm starting January 10.

**Reflection notes:** There will be a short graded assignment each week that will be due by Friday at 5pm, starting January 7. After each week's lectures you will be expected to submit answers to a Canvas quiz containing the question, "What were 1-2 points discussed in lectures/readings that you are still confused/unclear about and would like some further clarification on?"

Reflection notes will be lightly graded as “check” (thoughtful response that engaged with the content of the lectures/readings), “check minus” (cursory responses that meet a minimum standard) and “zero” (did not turn anything in). We will drop your lowest grade. These responses will contribute to group learning in two important ways. First, though the responses will be private, we will collect all responses, anonymize them and share them in a class discussion board – one for each week. This way, you benefit from your peers’ reading and reflections on the materials as well as your own. Second, I will review all these materials before the discussion section on Monday and focus the discussion on answering the most commonly asked questions that are posed in the reflection notes.

**Computation of HDI and population-weighted average:** You will be randomly assigned one of the countries we study and a socioeconomic indicator. You will compute the Human Development Index (HDI) for the assigned country, and the population-weighted average of the assigned socioeconomic indicator for a group of countries that shares similar characteristics with the assigned country. You will submit your assignment as answers to a Canvas quiz. This assignment covers material in section I, which is not covered on the final exam.

**Brief paper/statistical exercise:** This is a text of 600-800 words that makes points that are illustrated by data you present. There is no requirement for the number of graphs or tables, but your data presentation tools must include scatterplot and population-weighted average. The TA, Wei-Lin Chen, will help you with this assignment. To make sure you are on the right track, you must get his approval of an outline before completing the assignment. Your outline must be submitted to [ucsdecon165@gmail.com](mailto:ucsdecon165@gmail.com), and your final paper must be submitted using the assignment function in Canvas. Late submissions will not be accepted. For more guidance on this assignment, see the last page of this syllabus.

## COURSE OUTLINE

The text for this course is

Rauch, James E. 2019. *The Economics of the Middle East: A Comparative Approach* (New York: Oxford University Press).

Each section of the syllabus corresponds to a chapter in the text. The chapter is required reading for that section. There are a few additional readings. Those marked with an asterisk (\*) are required; unmarked readings are recommended. If no URL is given, the material is available on e-reserves.

### I. Introduction

\*<http://hdr.undp.org/en/composite/HDI>

Human Rights Watch. 2021. *A Threshold Crossed*.  
<https://www.hrw.org/report/2021/04/27/threshold-crossed/israeli-authorities-and-crimes-apartheid-and-persecution> pp. 95-98

Democracy and the “Arab Spring” (topic not covered in the text)

Besley, Timothy and Burgess, Robin. 2002. “The Political Economy of Government Responsiveness: Evidence from India.” *Quarterly Journal of Economics* 117(4), esp. Tables IV and VI. <http://www.jstor.org/stable/4132482>

\*Rauch, James E. and Kostyshak, Scott. 2014. “The Three Arab Worlds on the Eve of the ‘Arab Spring’.” *Handbook on Islam and Economic Life* (Cheltenham, UK: Edward Elgar): 630-632.

Goldstone, Jack. “Understanding the Revolutions of 2011.” *Foreign Affairs* 90 (May/June 2011): 8-16. <http://www.jstor.org/stable/23039402>

Awad, Margo and Dixon, Hugo. 2011. “The Art of Revolution: Egypt’s Non-Violent Warriors.” *Reuters* (April 13).  
<https://www.reuters.com/article/us-egypt-revolution/special-report-inside-the-egyptian-revolution-idUSTRE73C18E20110413>

Noujaim, Jehane. 2013. “The Square.” 1:08 - 1:02:43 discussion of Muslim Br.; 30:20 -27:30 Pres. Election; 1:23 army and Mubarak’s son. <http://www.netflix.com>

2019: The “Arab Spring,” round 2 (discussion, no reading)

### II. Historical Perspective

### III. International Trade, Natural Resource Rents, and Foreign Direct Investment

#### IV. Human Resources

<https://www.who.int/data/gho/data/themes/mortality-and-global-health-estimates>

[http://link.springer.com/referenceworkentry/10.1007/978-3-319-11251-0\\_6](http://link.springer.com/referenceworkentry/10.1007/978-3-319-11251-0_6)  
(obesity in MENA)

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3992784/> (diabetes in MENA)

\*Jayachandran, Seema and Lleras-Muney, Adriana. 2009. “Life Expectancy and Human Capital Investments: Evidence from Maternal Mortality Declines.” *Quarterly Journal of Economics* 124(1): 349-352, 357-360, 376-377.  
<http://www.jstor.org/stable/40506231>

#### V. Gender Gaps

World Bank. 2013. *Opening Doors: Gender Equality and Development in the Middle East and North Africa*.

<http://documents.worldbank.org/curated/en/338381468279877854/Main-report>

Akyol, Ş. Pelin and Mocan, Naci H. 2020. “Education and Consanguineous Marriage.” <https://www.nber.org/papers/w28212> . Key results in Tables 2 and 3.

Al Aswany, Alaa. 2013. “Egypt’s Trouble With Women.” <http://www.nytimes.com/2013/12/09/opinion/09iht-edalaswany09.html?src=recg>

#### VI. Income Distribution, Poverty, Migration, and Unemployment

Kapiszewski, Andrezej, “Arab Versus Asian Migrant Workers in the GCC Countries.” UN Department of Economic and Social Affairs, 22 May 2006.

[https://www.un.org/en/development/desa/population/events/pdf/expert/11/P02\\_Kapiszewski.pdf](https://www.un.org/en/development/desa/population/events/pdf/expert/11/P02_Kapiszewski.pdf)

Cortés, Patricia et al. 2021. “Labor Market Nationalization Policies and Exporting Firm Outcomes: Evidence from Saudi Arabia.” <https://www.nber.org/papers/w29283>

Noland, Marcus and Pack, Howard. 2011. *The Arab Economies in a Changing World* (Washington, D.C.: Peterson Institute for International Economics): pp. 251-260.

World Bank. 2017. *Refugee Crisis in MENA: Meeting the Development Challenge*.  
<http://documents.worldbank.org/curated/en/785071506105322669/pdf/119941-REPLACEMENT-PUBLIC-FINAL-MEM-FALL-2017-ONLINE.pdf>

Silva, Joana, et al. 2013. *Inclusion and Resilience: The Way Forward for Social Safety Nets in the Middle East and North Africa*, Chapter 3.  
<http://documents.worldbank.org/curated/en/455431468275110287/pdf/805150PUB0Incl00Box379806B00PUBLIC0.pdf>

Frey, Bruno S. and Stutzer, Alois. 2002. “What Can Economists Learn From Happiness Research?” *Journal of Economic Literature* 40(2): 419-421.  
<http://www.jstor.org/stable/2698383>

## VII. Environmental Challenges

World Bank. 2014. *Turn Down the Heat: Confronting the New Climate Normal*  
<https://openknowledge.worldbank.org/handle/10986/20595> : pp. 113-166.

<https://www.nytimes.com/2020/08/31/world/africa/ammonium-nitrate-port-dakar.html>

<https://www.nytimes.com/2021/03/15/world/asia/china-sandstorm.html>

## VIII. Government Spending: Urban Infrastructure, Energy Subsidies, and the Military

<http://www.enterprisesurveys.org/data/exploretopics/infrastructure>  
 (note option to generate a “Custom Data Set”)

## IX. Political Economy

World Bank. 2019. *Doing Business 2020*.  
<https://www.doingbusiness.org/content/dam/doingBusiness/media/Profiles/Regional/DB2020/MENA.pdf>

\*Branstetter, Lee; et al. 2014. “Do Entry Regulations Deter Entrepreneurship and Job Creation? Evidence from Recent Reforms in Portugal.” *Economic Journal* 124 (June): 805-832.

\*Diwan, Ishac et al. 2018. “Pyramid Capitalism: Cronyism, Regulation, and Firm Productivity in Egypt.” <https://doi.org/10.1007/s11558-018-9327-2>  
<https://www.nytimes.com/2020/07/29/magazine/iraq-corruption.html>

## X. Conclusion: Some Modest Proposals for Policy

### Guidance on your brief paper/statistical exercise

One of the goals of this course is for you to become familiar with how to use publicly available data to check facts and satisfy your curiosity about the Middle East. The most general database in which you can look for data is World Development Indicators (<http://databank.worldbank.org/data/Databases.aspx>), but there are lots of other more specific ones such as those in sections IV and VIII of the course outline. Another goal of this course is to learn how to use data as evidence for a point of view. I assigned the brief paper/statistical exercise with these two goals in mind.

Because your outline is due at the end of the sixth week of class, you might miss out on some good ideas for topics that are covered later in the course. We suggest that you read the introductions to the later chapters in the textbook, so you can see if there is something covered there that would make an interesting brief paper/statistical exercise.

Besides the course material, there are a number of websites that might help you come up with ideas for your assignment:

<https://erf.org.eg/> “The Economic Research Forum, abbreviation ERF, is dedicated to promoting high quality economic research that contributes to inclusive and sustainable development in the ERF region, defined to include the Arab Countries, Iran and Turkey.” ERF has an affiliated publication, the *[Middle East Development Journal](#)*.

<https://www.worldbank.org/en/region/mena> The Middle East and North Africa at the World Bank. Scroll down to see Research.

<https://meeaweb.org/journal> The Middle East Economic Association has two journals, the *[Review of Middle East Economics and Finance](#)* and *[Topics in Middle Eastern and North African Economies](#)*.

<https://www.unescwa.org/> The UN Economic and Social Commission for Western Asia (UN-ESCWA) has many [publications](#).

<https://carnegieendowment.org/sada/> “Sada is an online journal rooted in Carnegie’s Middle East Program that seeks to foster and enrich debate about key political, economic, and social issues in the Arab world”